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Beyond keepin' score

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"I never get the accountants in before I start up a business. It's done on gut feeling, especially if I can see that they are taking the mickey out of the consumer" Richard Branson, the owner of the Virgin Brand once commented.

This statement is true to the extent that accountants have relegated themselves to the role of scorekeepers in running businesses, although with the wealth of financial information that they deal with, they are in a position to become value-creators in a business organisation.

The birth of management accounting can be attributed to this one reality, that in the emerging complex and highly competitive environment, businesses are looking for managers who can offer strategic insights into managing the future rather than acting as mere consolidators of existing data.

Management accounting is the overseas equivalent of the certification awarded by ICWAI in India.

The first and the foremost function of a Management Accountant is to look at a business in a holistic fashion.

She is expected to understand the manner in which other business functions conduct themselves — not in an operational, but more in a psychological fashion.

Here's a simple example: while the marketing department may want a special promotion to be launched (because they want to achieve their targets) without understanding its impact in financial or strategic terms, a Management Accountant adds value with her perspective, backing it with rationale.

A management accountant does more than prepare financial accounting statements; she manages people, change, growth and strategy.

Most traditional accountants are far removed from customers, the very core of any business. A management accountant is at the centre of that action.

Benchmarking (a formal process of measuring and comparing a company's operations, products and services against those of top performers) and customer profitability analysis (a function of strategic importance that enables a business to find profitable customers and products) are some of the functions that a management accountant performs.

Other functions include management control systems, manufacturing in a just-in-time environment, accounting for product management, pricing and sales force analysis. The result is information of strategic value that enables a business to take both corrective and correct action for future growth.

Management Accounting is a specialised professional qualification that is offered by individual accounting bodies in the US, UK,

Canada and Australia.

Most of these accounting bodies are autonomous and correspond to the ICAI and ICWAI in India. While in the US, the accounting body that awards management accounting qualifications is the Institute of Management Accountants (www.imanet.org), in the UK, it is Chartered Institute of Management Accountants (www.cimaglobal.com). Australia has the Institute of Certified Management Accountants (www.cmaweblines.org), a body dedicated to research and continuing education in management accounting. Their programmes are also available in India (<http://www.cmaindia.net/>).

Accounting professionals seeking growth beyond their traditional roles can apply for the management accounting qualification.

Non-accountants planning a career switch have to take a longer route through bridge courses.

Nearly all accounting bodies insist on passing of exams in order to qualify, although the Institute of Certified Management Accountants of Australia (ICMA) interestingly awards masters-level CMA qualifications, without the condition of exams, to accounting professionals with over 10 years of experience.

For the high-school commerce stream and undergraduates, ICMA offers an advanced diploma in management accounting.

This one-year programme is considered equivalent to the first year of an undergraduate degree in Australian universities under Australian law. However, any person holding a bachelor's in commerce from an Indian university and aspiring to pursue accounting can apply directly for ICMA membership as a grad management accountant.

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